Price 1/6 JUNE 1961

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COMMONWEALTH DIGEST
and WORLD ECONOMIC REVIEW

Digest Spotlight *on*

Colonel EWART GROGAN

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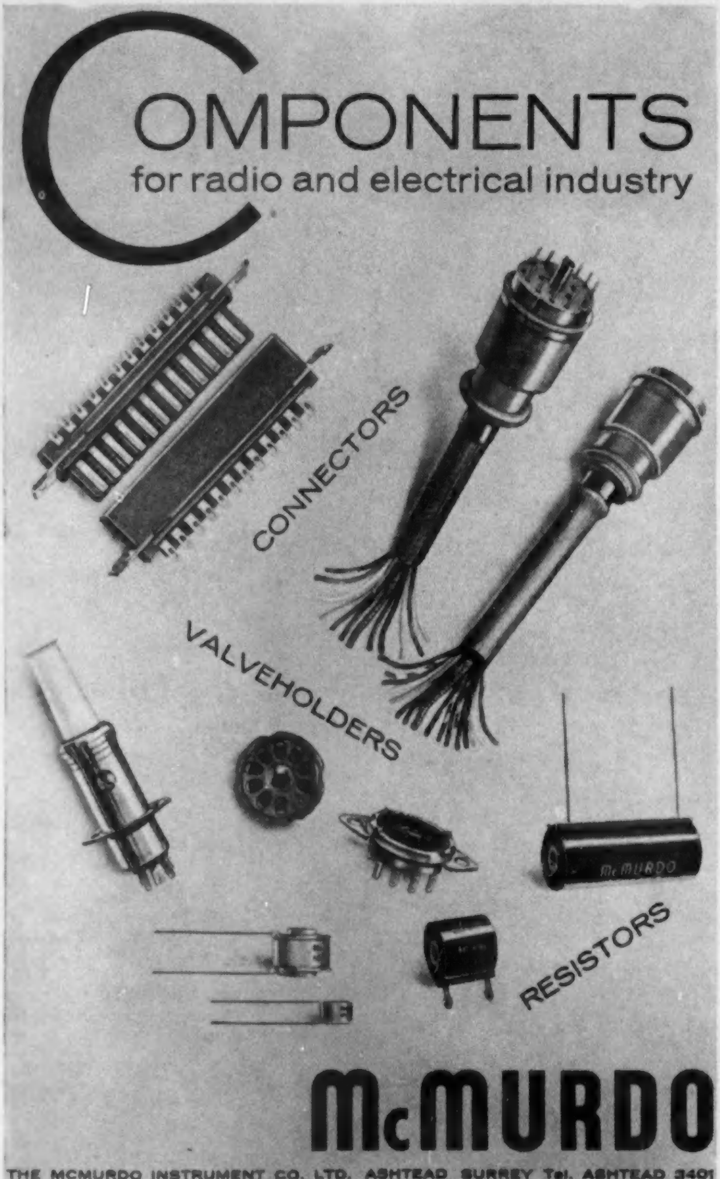
SOVIET ECONOMIC COMPETITION

Published in London by
ECONOMIC DIGEST (PUBLICATIONS)
in association with the Economic Research Council



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COMMONWEALTH DIGEST

and

WORLD ECONOMIC REVIEW

(Founded in 1947 as ECONOMIC DIGEST)

JUNE 1961 VOLUME 2 No. 5

Digest Spotlight focuses on

Colonel Ewart Grogan

THE departure of Colonel Ewart Grogan from Kenya, epitomises the passing of a whole world. It is a far cry from the man who volunteered for the Second Matabele War in 1896, who undertook the first Cape to Cairo trek through unknown Africa, to the world of Mboya, Gicheru and Kenyatta.

Youngest of 21 children in a prosperous Victorian family, Grogan was one of those colourful individualists produced by 19th century England for colonial pioneering; only huge vitality and optimism could have survived the Africa he knew. Sent down from Cambridge for leaving a goat rather too long in the room of a sensitive don, he endeavoured to endear himself to a reluctant, prospective father-in-law by making the 7,000—8,000 mile trek from the Cape to Cairo. This amazing journey seems to be curiously little known in England; yet it might prove salutary reading for those who indiscriminately abuse all changes wrought by colonial administrations. Apart from terrible and unknown natural hazards (during the 2½ years trek the original party of two whites and 150 negroes dwindled to one white and nine negroes) of fever, poison, attack from man and animal and sheer starvation, Grogan was deeply struck by the horrifying conditions of life in central Africa: crude and nauseating cannibalism, cruelty and famine. His journey ended typically. Lost, sick and starving in the swampy deserts of the Sudan, without water or ammunition in 'a vast reserve for God's foulest creatures; naught but great loathly crocodiles that slip without sound into the turgid flow; bald pated marabouts and screaming kites' he stumbled across Captain Dunn of the RNVR who happened to be on a few days shooting leave. A few hours later he would have gone and it is unlikely that Grogan could have survived. In Stanley-Livingstone manner, they greeted each other with polite reserve and it was not until whisky had flowed after lunch that Dunn could bring him-

self to enquire where his guest had come from!

But far from being mere muscle and gut, Grogan's report on his journey to the Foreign Office indicated not only accurate observation but an advanced outlook on colonial administration. He emphasised the value of indirect rule and the need for white officials to be left in a district long enough to know it and the local tongues. Both Cecil Rhodes and Lord Milner encouraged him to settle in Africa and he became the latter's personal representative in Johannesburg in 1904. However, the chance of a timber concession in the new world of Kenya led him to settle in 'that miserable scrap heap of tin', Nairobi, where he played an important part in the development of the sisal and timber industries. He it was who first stocked Kenya's streams with Scottish trout; drained valueless marshland in the city for market gardening and turned a strip of shoreland into Mombasa's first deep water harbour.

As President of the Colonialists Association and an Opposition Member of the Legislative Council, Grogan was a thorn in administrative flesh and only the violence of his many activities obscured the fact that he had a keen and curious mind. Two issues in particular absorbed his attention: Indian immigration, which he feared could bar African advance and secondly finance; he served on the Kenya Economic and Social Council where he rightly warned the Government of the consequences of a currency devaluation in 1919. He was not yet completely Kenyan, and an intricate thesis on the advantages of Empire Free Trade made him a valuable Unionist candidate. (In 1910, he reduced a Liberal stronghold in Staffordshire to a marginal constituency.)

His lively and enquiring mind caused him to join the Kenya Branch of the Economic Reform Club and Institute when it was formed in the 1930's and he still remains a member of the Economic Research Council with which the Institute is now amalgamated.

Like Churchill, Grogan was undoubtedly at his best in a fighting situation. As an intelligence officer in both wars he won high praise (and the DSO and the Belgian Order of Leopold) and had some bizarre experiences: from shooting game for cannibal troops who had unfortunately not only eaten their provisions but the porters who brought them, to conveniently losing an unsuccessful general. It was he who ferreted out the startling information that Hitler intended to make the Congo a Papal Protectorate—disbelieved as a lunatic rumour by the War Office until its confirmation.

At 87, Grogan has described his life as 'a great lark but not worth repeating'. The Legislative Council thought differently, when on his 80th birthday, it honoured him as one of 'builders of history in East Africa'. Now he has sold his 120,000 acre estate to a group of Asians and the history he built, the Kenya he knew, may well pass away with his fellow Europeans.

The Problem of Money

by the Rt. Hon. HAROLD MACMILLAN

While in the United States to confer with President Kennedy the Prime Minister spoke at the Massachusetts Institute of Technology. Mr. Macmillan discussed the great issues of policy now occupying Britain and her Allies throughout the Free World. The following is an extract from his speech

TRADE and aid are very important. But the medium for both must be money—enough money. Of course economists are apt to make heavy weather about money. Naturally—it's their mystery. But it is really quite simple. Just as each individual country painfully acquired a central banking system, so there ought—ideally—to be a central banking system for all the countries of the Free World. We are still a long way from that although, with the various international institutions which have come into being since the war and with the closer co-operation of Central Banks, we are groping our way forward. The present system is certainly not perfect. As technicians, you wouldn't tolerate it in your sphere.

First there is the imbalance of payments. If you will forgive such a frivolous comparison our system now is rather like a children's game. When the family sit round to play rummy, or cooncan, or poker, and one child gets all the chips and another has not enough to go on, something must be done. Either more chips must come out of the Bank which Father generally keeps) or the winning children must hand over some of theirs to the others. Otherwise the game just stops. So in the modern world, if one country were to accumulate all the reserves and lock them up, our system could not go on. I do not suggest blame to any particular countries for the present imbalance of world payments and reserves. This imbalance is in a sense only the external result of policies arising from the often contradictory fears of individual countries.

International difficulties

In the United Kingdom we have a horror of mass unemployment. That dates back to the time between the Wars. Now, we have full employment—in many parts of the country more jobs than men. On the other hand we have to worry about other dangers—inflation and balance of payments difficulties. In Germany they have different priorities; they worry more about inflation than about unemployment. That too is for historical reasons—because of their double experience of inflation when, in Voltaire's vivid phrase, paper was reduced to its intrinsic value. All these different national niceties—different in France, Italy

and Japan—all create international difficulties.

So much for imbalance, but then there is the volume of money. For imbalance of payments is only one aspect of the problem of money. Imbalance deals with who has the chips—or the money—at any given moment. But is there enough money? World trade has expanded four times in terms of money since before the last war. Yet the Free World credit base is only twice as big. No wonder some people argue that we just have not got enough reserves in total and must create more so as to finance expanding trade. All sorts of remedies are being suggested. The main difficulty about many of them is what I might call the mental hurdles which they present. It is normal to think of money as something painfully acquired; a dollar represents so many drops of sweat or so many ulcers. There seems to be something immoral in increasing the credit base by mutual agreement. It is done often enough in our internal economies; but the extension to the international field is hard to swallow. All the same, I repeat, expanding trade needs expanding money.

A new attitude

So there are three elements in the economic problem of the Free World —trade, development and finance. They are closely linked. The needs of our time demand a new attitude to all of them. An old fashioned or doctrinaire approach is not good enough. We must use the energy and abundance of our free enterprise system to transform our economic life. Above all, we must try to jump —even the older ones among us— the mental hurdles. If the political leaders in the great countries of the world have but the will, the experts will doubtless find the way or rather several ways—for us to choose from. But we must have the will.

I will sum up then. We must be ready first to welcome the progressive development of new trading arrangements and to see in them a means of moving towards a wider system of unfettered trade throughout the Free World as a whole. Secondly, the industrialised nations must accept the responsibility for raising living standards in the less developed countries, both by trade and aid. Thirdly, we must ensure that the credit system in the Free World is adjusted to these needs and that money becomes the servant and not the master of man's needs. This complex of economic questions is the second great problem whose issue may be decisive for our way of life.

TAXATION AND COSTS

I SHOULD like my hon. Friend the Economic Secretary to initiate a survey within the Treasury during this year to find out to what extent our tax burden of £6,500 million a year goes into the costs of industry. It would be an interesting exercise, and we could use the knowledge acquired when making our judgement of the position for next year. . . .

Mr. Gesham Cook, M.P., in the debate on the Budget Resolution and Economic Situation

Round the Commonwealth

(1) DIVERSIFICATION OF CANADA'S TRADE

by JAMES A. ROBERTS,

Canadian Deputy Minister of Trade and Commerce

A NOTABLE feature of Canada's trade in 1960 and for several years previously has been its growing geographic diversification.

This has involved, in particular, a lower concentration of trade with the United States and an increase in the relative importance of our trade with countries such as the United Kingdom, West Germany and Japan. The steadily improving competitive position of overseas industrialized countries has enhanced their importance as sources of supply for the Canadian market. At the same time, strong internal growth rates within these areas has involved sharply expanded markets for Canadian products. Reflecting these broad tendencies, the proportion of our exports going to the United States had declined from 62 per cent in 1959, to 56 per cent in 1960, which means that 44 per cent of our total exports now go to overseas markets.

Imports

The geographic distribution of our imports remained practically unchanged between 1959 and 1960. However, during the last four years, the United States' share of the Canadian import market has declined from 73 per cent to 67 per cent, while the share enjoyed by overseas countries has risen correspondingly.

In the past few months our export sales have fallen below the levels of a year ago. Economic activity in the United States has been edging downward for some months and, by January, industrial production was 8 per cent below the level of the preceding year. As usually happens, the adverse effects of this decline in factory output upon the demand for industrial materials has been accentuated by inventory liquidation.

In consequence, our sales to the United States (as reflected in trade figures for the last three months) have recently been running 17 per cent below the level of a year ago. In the overall trade figures, lower sales to the United States have, in large part, been offset by increased shipments overseas. However, recent indications of hesitancy in the trend of activity in some oversea countries, particularly the United Kingdom, may foreshadow a temporary interruption to the upward trend in our sales to some of these markets.

Extracts from a speech made in Banff, Alberta

(2) CATERING TO CANADA'S CONSUMERS

A FIFTY per cent post-war increase in population, a shift in the balance of the Canadian economy from essentially agricultural to predominantly industrial, and a movement away from rural to urban living, have resulted in one of the more far-reaching developments of recent years—the steadily-increasing importance of the domestic consumer market and of the many services which now cater to its needs.

It suggests that the economy is attaining a greater degree of maturity, and that we can now perhaps look to our increasing population and growing affluence over the long term to provide a steadily-expanding market for a much wider variety of goods and services. The increase in size and the changing characteristics of the market have been matched by improvements in the goods offered—refinements which were not practicable in a less mature, more static society. Indeed, given the circumstances of the times, the need for these refinements was for the most part lacking.

Higher purchasing power

Today's consumer requirements differ in important respects from those of a generation ago. The family as a unit has higher real purchasing power, augmented in a large number of cases by the income of a working wife and mother. Domestic help is scarcer and relatively more costly. Furthermore, a higher level of education, greatly increased mobility and more leisure time have all tended to widen the whole range of consumer demand. The purveyors of goods and services have not been slow to meet, and where possible anticipate, their customers' needs.

Pleasing the consumer

It must not be thought that change for the sake of change has motivated the many innovations introduced in recent years. New ideas, materials, processes and designs have all been utilized in the effort to provide an article or a service which will stand the final test of consumer acceptance, and which will ultimately enlarge human satisfactions. Indeed, the importance of pleasing Canada's consumers in an effort to attract and retain their custom is recognized by manufacturers, retailers and the service industries. Those who have not paid as much attention to this matter as their competitors are being made to realize in the marketplace that the consumer still has the last word.

Among the most striking changes in the consumer markets have been those related to retailing and distribution methods, particularly in food retailing and the packaging of goods. These developments are interesting aspects of the changing Canadian scene.

From Commercial Letter, The Canadian Bank of Commerce

(3) THE ONE-MAN-ONE-VOTE FALLACY IN EMERGENT AFRICA

by SIR CONRAD CORFIELD, K.C.I.E., C.S.I., M.C.

In this article, the author asked whether the Westminster type of democracy, implying the principle of "one man one vote" and majority rule, is suitable for emergent African states in which the inhabitants are not yet homogeneous. He suggested that, in countries that are becoming independent of former White leadership, a presidential form of government might offer more prospect of stability. The following extract summarises his views

(a) AS parliamentary democracy on the Westminster pattern has proved unsuitable for export, there should be no question of encouraging this pattern in emergent countries.

(b) The experience of recent years is that such countries find a presidential form of government more suitable for their requirements.

(c) Such a form of government has inherent dangers to individaul freedom, but not more so than the results of the Westminster pattern or a facade of parliamentary democracy.

(d) Presidential government can allay the fears of minorities and maintain human rights if the constitution is sufficiently rigid.

(e) Though no constitution can be guaranteed if the inhabitants wish it upset, it is preferable to have a constitution breaking down than an administration collapsing, with all the individual misery and distress which that causes.

(f) Under a form of presidential government, stability is more secure, since the executive is not subject to the changing whims of a popularly elected parliament.

(g) A popularly elected parliament is, however, the best constitutional method of retaining the general consent of the governed.

(h) Moreover, with a stable executive, the franchise can be more widely extended and the general consent more firmly secured.

(i) These conclusions apply just as much to a country where the minority is at present more powerful than the majority. The only difference is that in these countries the minority fear is for the more distant future.

(j) Pending the election of the president in countries which are not yet sufficiently homogeneous, there must be a constitutional body able to check autocracy, protect minorities, safeguard individual rights and maintain the constitution. It is preferable not to leave such questions to judicial decision only, since they frequently involve political factors on which the interpreters of law are not competent to adjudicate.

(k) Subject to these conditions, arrived at by discussion and agree-

From Optima

ment between political leaders of all races in the light of local circumstances, there is no reason why the transfer of power from Britain's hands should not be accelerated, thus relieving existing tensions and transferring the responsibility away from Westminster, where the dangerous play of party politics often bedevils the issue.

(l) The stability of a presidential form of government will attract moderate nationalists, since it helps to exclude extremists from the full control they can hope for under the Westminster pattern, and thus reduces their power of intimidation.

(m) Given a reasonable hope of stability, the extremists on all sides will be discouraged; and, being human, they will no doubt begin to modify their attitude in case they miss the band-waggon.

(n) No such results can, however, be hoped for unless Her Majesty's Government make it clear that, in view of the experience of recent years, they are not prepared to hand over power to a government based on the Westminster pattern *unless* that can be shown to be the general wish of the people and their leaders and the ground has been properly prepared for it; but that they are prepared to relinquish control forthwith to an agreed pattern of presidential government which can be shown to be firm, stable and popular.

Finland's Trade with EFTA Countries

ONE fifth of Finland's trade is done with the United Kingdom, which takes about one quarter of Finnish exports. It is above all an important customer for Finnish wood products, buying in 1960 round timber, posts, sawn products and other wood products to a value of 41.8 billion markkas,—41 per cent of Finland's total exports of wood products, and about 33 per cent more than in 1959.

As a supplier, the United Kingdom took second place in 1960 to Western Germany, providing about 16 per cent of Finland's total imports.

Although Sweden and Finland are competitors so far as their main exports are concerned, there is extensive trade between the two neighbouring countries. In order of importance, Sweden is fourth among Finland's trading partners, after the United Kingdom, Western Germany and the Soviet Union. Last year Sweden's share of total Finnish trade amounted to about 8 per cent; 5 per cent of Finnish exports went to Sweden, which supplied 10 per cent of Finland's imports.

Of the EFTA countries, Denmark is Finland's most important trading partner after the United Kingdom and Sweden. Some 3 per cent of Finnish trade is done with Denmark, which buys from Finland wood and paper products; the main imports into Finland from Denmark consist of machinery and chemicals.

The four remaining EFTA countries account for about 3.5 per cent of Finland's total trade.

From E F T A (European Free Trade Association) Bulletin

Economic Progress in Australia

by SIR ALLEN BROWN, C.B.E.,

Deputy High Commissioner for Australia

EACH year the United Kingdom publishes an Economic Survey. The Australian Government publishes The Australian Economy. I have found it most interesting to compare the keynote sentence in these publications for the three previous years. They illustrate very well the different emphasis that the two governments place on growth.

U.K. Economic Survey, 1958

"There is thus a good opportunity in 1958 to stop the rise in prices which has troubled the country for 20 years".

The Australian Economy, 1958

"Our main objective must be to keep expansion moving at a steady rate".

Now 1959:

U.K. Economic Survey

"Subject to the need to maintain a strong external position and the continuance of the recent record of price stability at home, the Government's policy is to do all it can to foster this expansion".

The Australian Economy, 1959

"Policy required a careful balancing of measures".

Now 1960:

U.K. Economic Survey, 1960

"Our aim in 1960 must be to achieve a further steady increase in investment and production without damage to price stability or to the balance of payments".

The Australian Economy, 1960

"If there is to be an effective community stand against inflation there must be clear ideas about it. . . . If by actions they take to cure inflation they (the government) repress sound initiative and the progress which depends on it, they are not likely to be thanked for what they do".

Growth and stability

You will have noticed in each of the U.K. statements qualifications and cautionary words about price stability and balance of payments *before* there is any talk about expansion or growth. In the Australian statements you will have noticed fewer cautionary words and an express statement that stability without growth is not the wish of the people.

We could sum it up by saying that though the Government wants the economy to be stable, it does not want it to stand still. Colin Clark in his recent "Growthmanship"* says, "The term 'economic growth' is normally used to mean increasing the capacity to produce the goods and services required to provide improved living conditions"—or to put it in shorter terms, "increasing output capacity".

* *See Digest Reviews, p* 154.

An address to members of the Economic Research Council

In the United Kingdom these ideas carry within them the further idea of increasing or increased productivity—greater output per man.

More men

Now this idea of increasing productivity—greater output per man—is certainly present within our minds in Australia when we speak of growth. But it is not the only idea or even the most prominent idea. Greater output comes from more output per man—but it also comes from more men. And more men is one of the prime objects of policy of the government.

Between June 1950 and June 1960 the population of the United Kingdom increased by just over 2 million. Over the same period the population of Australia increased by the same amount. But whereas here the increase was from 50 m. to 52 m.—4 per cent, there it was 8 m. to 10 m. 25 per cent.

This deliberate building up of the population—just under half of the growth is due to migration—is probably the biggest single economic factor influencing the Australian economy at the present time. Let us look at one or two consequences for stability and for full employment.

Full employment

At the present time both our governments have adopted full employment as one of the objectives of policy. But full employment with a work force that is practically stationary is one thing—full employment with a work force that is increasing at the rate of about 2 per cent per annum is a very different thing. And when that government is by its own action adding to that work force, then it is likely to be more tender in its economic restraints than it would otherwise be.

There was a good example of this in the 1958/59 budget. Prices and costs had already begun to move up after the slackening off which the whole Western world experienced in 1957. Even although this move was gathering momentum by budget day in August, 1958, nevertheless the government feared that jobs would not be available in December for boys leaving school. (There was to be an addition of 80,000 to the labour force that year.) And so it was not until February when it could be seen that jobs were offering that restraint was applied. A rapidly rising work force makes it harder for a government to keep restraint on demand. And a rapidly rising population is of itself a considerable stimulus to demand.

Pressure on resources

Let me put it in this way. Suppose the United Kingdom had had year in and year out since the war a net increase of population by migration of 400,000 people a year. What a great programme of building homes and factories would have been involved! And machinery for factories, and schools and hospitals and power stations and buses, and trains and roads and everything else! Placing things in their relative perspective this is just what has been going on in Australia for the last decade

and what is still going on. The pressure on resources is constant and insistent. The demand for capital seems to be insatiable. Companies have been coming on the market for large amounts of new capital—both debenture capital and equity capital—and large amounts have been subscribed. The governments too need to engage in large public works undertakings to provide the basis for the expansion of industry.

Capital inflow

Indeed rather more than a quarter of the national income is being devoted to capital projects—both public and private—the only countries in the Western world that are spending a greater share are Japan and Norway, although Canada is about the same. There is some disposition to believe that Australian growth is sustained largely on U.K. and U.S. capital inflow. In fact the total received from the two sources combined is in any year of the order of 10 per cent. 90 per cent of the capital is savings of the Australian people. This overseas capital is important, but the great bulk of the capital expenditure is—as it should be—out of local savings. Each year recently the government has borrowed—long—about £200m. internally—and local and semi-government authorities borrow too—least year a further £78m.

Not all of the savings are completely voluntary. Over recent years, 30 per cent of gross investment expenditure has been government public works expenditure of one sort or another. In addition to borrowing, the Federal government has financed from revenue its own capital works and about half of those of the State governments.

But even more important than the direct stimulus that this rapid growth gives to demand is the effect on the psychology of the manufacturers and traders of a rapidly growing market. Year by year the market must be bigger and better—that is the outlook. This confidence stood us in good stead in 1957/58 when overseas conditions were rather unfavourable

What has this strong pressure for growth cost in terms of stability. Has internal price stability been maintained over the period? The answer is, I think, better than one might expect but not quite so well as in the United Kingdom. The picture is neither discreditable nor alarming. In the United Kingdom there is an index of retail prices which takes prices in January, 1956, as its base—100. In December, 1960, this index stood at 112.2, a rise of 12.2 over the period. If the figures of the Australian index are converted to the same basis, the rise over the same period is 17.7, compared with 12.2—half as much again.

Our external position has been under strain more often than not for the last decade. From 1952—1958 import restrictions of one sort or another have been limiting the volume of goods coming into the country—at its worst holding imports at about £600m., in periods of relaxation £800m. or £850m.

Flow of imports

One of the weapons which the government is using in its present anti-inflationary campaign is a larger import flow. All restrictions on imports were removed in Februuary, 1960. This involved a deliberate use of overseas reserves. The government's view was that the reserves were strong enough to allow quite a substantial drain on them before the position became serious. They were £540m. at that time with drawing rights on the I.M.F. for a further £200m.

There has been a large increase in the flow of imports. For 1960/61, the total is expected to be about £1,110m., an increase of £185m. over 1959/60, which had been high at £936m. The reserves are expected to fall by about £170m. only, perhaps less, notwithstanding a fall of about £125m. in exports due to a fall in commodity prices. That the reserves have not fallen more is explained largely by the fact that the inflow of capital into Australia has not only kept up but has increased. We estimate that in 1959/60 there was a flow of capital into Australian companies amounting to £188m. These figures are increasing year by year. This year it may well be about £50m. over last year's high figure.

A good investment

It is quite clear that without this capital inflow our reserves would have been sadly depleted by now. And it is equally clear that if it falls away, unless exports are substantially increased, the rate of growth will have to be slackened off—either by restricting imports or in some other way. Will it slacken off? It is people like you who will answer that question. It seems to me that it is flowing in because men of sound business judgment make a decision that investment in Australia is a good investment—there is political stability, there are great resources of material with a rapidly growing labour force. There is no doubt that there is growth in the Australian economy at the present time. Equally there is no doubt that this requires the government and the central bank to take restraining measures. The government is very aware of this and is applying itself manfully to the task.

In giving itself its three policy objectives of full employment, growth and stability, a government is like a carpenter who sets out to make a three-legged stool but decided to do all his measuring by eye. It is always possible to get two legs on the ground, but the third leg is the one that proves how good the carpenter's eye is. If priority is given to growth and stability then employment is likely to be a little less than full, if priority is given to full employment and stability, then growth is likely to suffer, if priority is given to full employment and growth, then there will be a tendency to inflation.

I think that we have slightly overemphasized the growth leg and therefore we need in our policies to concentrate more effort on measures to achieve stability, especially internally—restraint and deliberate measures to increase exports. And indeed it is open to question whether such

a stool can be built. It may be that when the economy is open to world forces one leg must always be a little longer or a little shorter than the other two—at least with our present degree of economic skill.

Soviet Economic Competition

THE Seven-Year Plan for the development of the national economy of the U.S.S.R. envisages an 80 per cent growth of industrial production. In fact, as a result of the overfulfilment of the annual plans, it is expected that during the years of the Seven-Year Plan industrial production will be doubled.

As compared with 1960, industrial production in 1965 will increase in Czechoslovakia by 56.4 per cent, in Poland by 52 per cent, Hungary 65-70 per cent, Albania 51 per cent, the German Democratic Republic (in 1959-65) 88 per cent, and Rumania more than 100 per cent.

In the period from 1959 to 1965 the overall industrial production of the countries of the world socialist system will increase by approximately 130 per cent. According to tentative estimates in 1965 the U.S.S.R. and the European people's democracies will have increased the production of electric power up to between 685,000 and 700,000 million kilowatt-hours, coal up to 1,225 million tons, steel up to 120-125 million tons, and cement up to 120 million tons.

1965 !

It is estimated that in 1965 the socialist countries will be producing more than half of the world industrial output. As a result of this the superiority of the world socialist system over the world capitalist system will be ensured in the decisive sphere of human activity, that is to say, in the material production. From that summit new prospects of the productive forces flourishing on an unprecedented scale will open up before the socialist countries.

Even some of the more far-sighted economists in the capitalist countries have been forced to admit that communism will win in the peaceful economic competition between the two systems. A book was published recently in Western Germany with title *Competition in the Year 2000: Growth or Suicide of Mankind?* It was written by Professor Baade, director of the Institute of World Economics in Kiel and social democratic member of the Bundestag of the Federal Republic of Germany. The book states:

"The world centre of gravity is moving East, not only because of the size of the population there, but also because of its economic potential."

Baade writes that the socialist camp is "exceptionally well equipped" for economic competition with capitalism. "The growth of industrial production by between 9 and 10 per cent annually will in any case bring with it, in the course of several years or decades, such an increase in production as will seem fantastic." That was the point Baade wanted to stress.

From Soviet News

A New Deal in World Finance

NOW that some of the major uncertainties that led to the flare-up in the London gold market last October have disappeared, the international monetary scene can be viewed in a calmer atmosphere. Speculative elements are no longer paramount, the new American administration is firmly in the saddle and attention now focuses on the real financial issue at stake: how to increase international liquidity so as to promote a higher rate of economic growth in the industrialized West and in the less developed countries.

Once President Kennedy had made it abundantly clear in his message to Congress on February 6 that America's monetary and economic problems were to be resolved without any increase in the dollar price of gold, even the small discount against the dollar disappeared in the London market, and on February 23 gold was "fixed" at 250s. 8d. or at the dollar equivalent of $35.08, its lowest level for 13 months. Since then the price has been fairly steady just above the official parity of $35.

More stability

Meanwhile, steps to give more stability to international finance and to give more rein to the I.M.F. were taken on February 15, when sterling and nine other currencies including the Deutsch mark, the French franc and the Italian lira became formally convertible. This meant their dispensing with the protection under Article 14 of the I.M.F. Agreement (which provides arrangements for countries to impose and maintain foreign exchange controls) and coming under Article 8 which means, in effect, that currencies are guaranteed to be kept convertible for non-residents and free from discrimination. Furthermore, it means that sterling and the other nine currencies will be acceptable for repayments to the fund which, of course, not only lessens pressure on the dollar but will strengthen the I.M.F.'s hand in helping to tackle the world liquidity problem.

The strain which has been imposed on the dollar has been obvious for all to see in recent years and now the flight from sterling which took place in the early part of March (and sterling has nothing like the dollar's defence in depth) has given us all fervent reason to hope that, if indeed we are to dispense with the rise in the gold price, Washington and the I.M.F. will get on with the new deal in international monetary management.

Salvation through the I.M.F.?

So far all the indications are that salvation through the I.M.F. is to be pursued by the new American administration to the limit. There are so many strong currencies now and the dollar is not the only one as Mr. Per Jacobsson, managing director of the I.M.F., said in a recent speech. Funds could be shifted from one hard currency to another without fear. Plans for making the Fund

From The Mining Journal

more useful in helping to solve members' balance of payments problems were reported on April 4 to have been already drafted, and they were thought likely to be presented at the annual meeting of the I.M.F. and the World Bank next September. Since it appears, however, that these plans have been drawn up within the framework of the existing articles of agreement there is nothing concrete to suggest, as yet, that the Fund will be converted into a world central bank, with or without the creation of an international currency unit to take its place alongside gold.

Whatever are to be the accepted international units of account, it is at least to be hoped that in the aggregate they will constitute a sufficiently large reserve at the I.M.F.'s disposal for that institution to be able to tolerate short-term balance of payments deficits in member countries of a magnitude which will not result in the periodic curbs on economic expansion as in the past. For example, it has been the quick succession of monetary and fiscal changes of tempo and direction which have bedevilled Britain's economy in the last decade.

If the sterling area and the rest of the western world is, in effect, to be asked to surrender custody of its monetary and fiscal conscience to the I.M.F. we must all start with a clear idea of what the Fund's underlying policy is to be and how far this policy is likely to operate in the best interests of the member countries.

Public confidence

It is doubtless admirable that the central banks should continue to be gentlemanly to one another, but public confidence in the wisdom of what they are at is not helped by their continuing to play their cards so close to the chest. Europe and North America do not have between them a monopoly of world trade and, if the I.M.F. is to become an acceptable supra-national monetary authority, there is nothing to be gained by secrecy.

The I.M.F. is still a long way from becoming a world-wide, as distinct from a western, institution and whatever may be the currencies with which it elects to supplement its gold reserves, these currencies must for practical purposes remain as good as gold to serve their purpose. This may take some doing when we consider the distribution of last year's world supplies of new gold.

Samuel Montagu and Co., in their recent annual gold review, estimate world output excluding the U.S.S.R. in 1960 at 34,000,000 oz. to which they add 6,000,000 oz. as net Russian sales during the year. Out of this total of 40,000,000 oz. of new gold, Samuel Montagu estimates that 16,000,000 oz. was absorbed by central banks and similar official institutions including I.M.F. and that a further 7,000,000 oz. was absorbed by industry and the arts, leaving some 17,000,000 oz. to be added to the already very large gold hoardings in France, Latin America and the Middle and Far East which all continue to show a distressing preference for this traditionally acceptable security!

Incidentally, it is interesting to note that Samuel Montagu estimates that the purchase of gold by U.S. interests in the last quarter of 1960 probably did not exceed 2,800,000 oz. Although considerably less than generally supposed, this report confirms that the bulk of these purchases were at second-hand, which tends to underline the doubts which have been expressed as to how effective will be President Eisenhower's order banning private American gold holdings abroad. Certainly there is no reason why this order should result in the repatriation of any American-owned gold nor indeed in its conversion into dollars in the absence of any restrictions on the private American holding of foreign currencies.

A pretty pass

The more one looks back on events of the past winter, the more unnecessary it all seems. Things have come to a pretty pass when a mere $100,000,000 worth of American "funk" money can lead to a ban on private American gold holdings abroad, when perhaps half that amount applied in September and October by the U.S. Treasury to steadying the London gold market would have been so much more effective and so much less embarrassing.

Finally, let us be clear that no amount of tinkering with the mechanics of international settlement will in the long term absolve individual countries from keeping their economies in order. Raising the gold price or shoring up the I.M.F.'s reserves will enable individual countries to run balance of payments deficits for longer than they otherwise would have done, and to that extent eliminating the need for short-term deflationary measures. In the long term, however, countries have still got to pay their way and cut their living standards and habits of work according to their cloth.

This was just the problem that confronted Germany at the end of the war and with which she has so successfully grappled; it is the one to which we in Britain have still to find the political answer and it is the one with which the United States is now squarely faced. Sterling and the dollar are likely to remain the principal elements in the I.M.F.'s currency reserves and a failure in either country effectively to arrest inflation and revitalize the growth of productivity could still bring about a devaluation of these currencies in terms of gold, if not this year then at any rate within a period which still justifies the retention in most portfolios of a proportion of gold shares as a hedge against this contingency.

COMMONWEALTH PRODUCERS'

THE Rt. Hon. Earl De La Warr has been elected President of the British Commonwealth Producers' Organisation, a voluntary association of primary producers throughout the Commonwealth working for the promotion of members' interests.

Rural Economy

(1) BRITISH AGRICULTURE

by HAROLD WOOLLEY, C.B.E., President of the N.F.U.

IT is up to the Government in this trading nation to pursue a production policy for British agriculture which does not deny the industry the opportunity to achieve an increasing share of the home market. Import policy should in turn be related to this objective. A big disadvantage of the policy of liberalised trading in a world in which most countries, except our own, take steps to support their agricultural production by protection at the frontier, is that our market tends to experience the full effect of relatively small changes in world supplies. Whilst the home producer can suffer from a sudden drop in market prices, the overseas producer is also hardly likely to be interested in seeing the bottom knocked out of our market.

Our livelihood is likely to be affected increasingly by trends overseas, and the position of the British farmer must be understood and taken into account. There are also many issues on which the individual farmer or grower cannot hope to make up his mind without an analysis of all the factors involved. The European Common Market is a case in point. How *would* the British farmer fare if the United Kingdom joined the Common Market? All the implications of the proposed common policy for agriculture have had to be weighed and, where the evidence was adequate, analyses have been made on a commodity basis to arrive at some kind of a balance sheet. Only a national organisation with the necessary trained staff can cope with this kind of task.

Whilst we stand firmly, and I believe fairly, on the principle of first place in the home market for the home producer, we must increasingly investigate the possibility of arrangements between home and overseas suppliers. I do not pretend that this could be easy to achieve but I do think it merits increasing attention.

From The Journal of the Farmers' Club

(2) THREE LAMB CROPS IN RUSSIA

RUSSIAN farm experts have been able to produce three lamb crops in two years.

The experiment was noted by touring Australian agricultural officials inspecting a flock of 500 ewes. Each 100 ewes had produced more than 400 lambs in two years. To get the extra lambing, the Russians created an artificial autumn in shelter sheds and brought ewes into season for the extra joining.

From World Farm News, I.F.A.P.

(3) WORLD RECORD WHEAT TRADE

WORLD trade in wheat and flour in 1960-61 is expected to set a record high. It is estimated to be more than 1,400 million bushels. The previous high was set in 1956-57 with a figure of 1,328 million bushels. Australia had a record harvest this past season and supplies in Canada and the United States are above last year's level. Exports from Argentina, France, and Russia, however, will be below this past year. Import needs in Asia, especially in Pakistan and India, are increasing. Near Eastern countries also are importing large amounts of wheat and flour this season.

From World Farm News, I.F.A.P.

(4) AGRICULTURE IN THE ECONOMY

	Total Population (1958) (*millions*)	% *of population in agriculture*
The Six		
Western Germany	54	19
Belgium	9	10
Netherlands	11	14
France	44	25
Italy	48	44
Greece	8	52
The Seven		
United Kingdom	52	5
Switzerland	5	16
Sweden	7	24
Norway	3	19
Austria	7	22
Denmark	5	24
Portugal	9	42
Irish Republic	3	49

Source: Mainly *FAO Yearbook*.

From British Agriculture in Europe (Crossbow Supplement)

Taxation and Social Income for Representative Households in Britain

	Married couple with children as below:					
No. of children	0	2	4	0	2	4
Wage per annum	£450	£450	£450	£650	£650	£650
Indirect Taxes on:						
Alcohol	£9	£6	£7	£10	£8	£6
Tobacco	£27	£27	£30	£34	£30	£29
Household Durables*	£4	£6	£4	£12	£8	£3
Hydrocarbon Oils	£3	£2	£2	£7	£4	£3
Direct Taxes:						
Income Tax	£16	—	—	£61	£9	—
N.H.S. Contribution	£6	£6	£6	£6	£6	£6
Rates	£12	£12	£12	£15	£15	£15
Total of above Taxes	£77	£59	£61	£155	£80	£62
Probable Total Tax Burden ...	£87	£67	£69	£176	£91	£70
Total Social Income	£24	£78	£164	£24	£78	£164
Net Social Income†	—£63	£11	£95	—£152	—£13	£94

*It has been possible to allocate this tax only in so far as it is paid by private motorist or the user of public road transport; no allocation of the duty paid by hauliers, etc., and entering the costs of all goods has been attempted.

†The difference between Total Social Income and Probable Total Tax Burden.

From an article entitled 'Wages, Social Means, and the Family' published by The Manchester School of Economic and Social Studies

Economic and Monetary Council in New Zealand

THE New Zealand government has established an Economic and Monetary council to advise on the Country's economy. This Council will be independent of political control. Its main job will be to report on the principal problems affecting costs and internal price stability and the provision of finance for expanding agricultural and manufacturing industries. It can report on any monetary reforms it thought desirable.

Proposals for the Council were made by the National Party before its election win last year.* At that time the Party said the Council would also prepare annually a long-term economic budget to guide the country's development.

* See *Commonwealth Digest* for January, 1961

Soaring Price of Britain's Land

by LEWIS C. COHEN

ANOTHER of the problems which we face, and which must create problems not only for us but for all who deal with the values of properties, is the steady and now accelerating increase in the value of houses. While that naturally still further strengthens the basic security behind our mortgages it is undoubtedly making it more difficult for many people to acquire their own homes.

Price doubled

One of the reasons for this increase has been the amazing increase in the price of land. More and more we are reading of prices of building land which seem difficult to justify and yet which seem only part of a steady upward trend. Only this week five acres of land in a working class area sold at Horley at £9,000 an acre. This means that the price of each plot today would be more than double the price of the house itself not so many years ago. Land hunger is now part of the problem every authority in this country faces. The south and the south-east, where the largest increase in population seems probable in the next ten years is, I suppose, the most heavily hit.

Land hunger

While I do not wish on this occasion to suggest solutions to this problem, it seems to me that unless we are going to arrive at a position when housing for a large proportion of our population may become beyond their reach by reason of its price, some kind of action will have to be taken. It may be by a new look at the planning laws, although in this connection the Green Belts must be preserved.

It may be in the establishment of satellite towns with their own industries or there may be other solutions. But what is abundantly clear is that if this problem of land hunger is not tackled it will prevent the provision of those houses for which there is the greatest demand. The fact that land has gone up in certain cases over fivefold in value in years gives some picture of the problem we have to face, and face it we must.

Extract from a speech by the Chairman and Managing Director of the Alliance Building Society

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THE ECONOMIC REGULATORS

. . . THE case that I put for the two new economic regulators can be summarised very shortly. Their purpose is to enable us to take action to stimulate or restrain the forces working within the economy, as and when it is necessary to do so, without having to concentrate action at the time of the Budget, in April, when much of the significance of what may happen later

continued on page 157

The Chancellor of the Exchequer in the debate on the Budget Resolution and Economic Situation

over at least for what as a community we have made; (b) export markets by which nations all try desperately to become poorer in real wealth so that they can obtain foreign tickets-for-goods, i.e., abstractions; (c) vast preparations for universal destruction combined with costly experiments in space travel; (iv) idiotic restrictive practices; (v) steady Keynsian inflation, which is a kind of taxation. How can you hope to obtain "a stable £'s purchasing power" under those conditions? The whole situation is mad and no amount of confusionist jargon should blind our common sense to obvious realities. If we are not being deliberately kept short of purchasing power in the aggregate (and so being driven along in directions we do not desire by a hidden and remorseless tyranny which is rapidly debasing all sound human values and instincts), how can we explain the continuing existence of admass, never-never, universal, demoralising and needless debts and taxes, dangerous export warfare and vast unsold stocks? Their existence is evidence enough to support the Douglas analysis up to the hilt.

Yours faithfully,

ERIC DE MARE.

London, W.11.

1st April, 1961.

Equal Partnership ?

by The EARL DE LA WARR, P.C., G.B.E.

HAVE we yet successfully adjusted ourselves to the conception of equal partnership? I refer here not so much to Governments but to ourselves. Are we concentrating our thoughts too much on maintaining contacts as between ourselves at the centre, and each Commonwealth country?

What about contact between New Zealand and Nigeria, for instance, or Canada, Malaya and Australia, and so on? Some, like Australians and New Zealanders, want to concentrate on what so many of their people still call 'home'.

This is something to be encouraged and treasured as of infinite value. But there are others who do not feel that way—or at any rate not to the same extent—and the wider picture of inter-Commonwealth relationships may well mean more to them; thus in Australia I found a strong and growing sense of the importance of their contacts with Malaya and India. To put it quite simply, are we still parents or are we now brothers and sisters? The answer will be different in each case with variations in degree, and not a 100 per cent answer either way in any one case. But it is a question, or series of questions, worth asking and of special importance to the future of our Commonwealth Societies, if we are to become, as we must, an even more effective agency than we are today in helping the maintenance and growth of the new Commonwealth.

Extract from an address to the Commonwealth Section of the Royal Society of Arts and the Royal Commonwealth Society.

Readers' Commentary

CHEQUE POUNDAGE

Sir,

Comment on Lord Amwell's suggestion of 'cheque-poundage' would be interesting.

Apparently the only objection so far raised is that "they would get round it by paying in cash".

Fewer cheques might possibly be used but not enough to make much difference if the idea is otherwise sound.

The fact that it has been largely ignored is, in itself, a favourable omen.

Yours faithfully,
M. PARRINGTON.

Shirburn Mill,
Lawford, Manningtree, Essex.
April 30th, 1961.

THE DOUGLAS ANALYSIS

Sir,

In his letter in your April issue, Mr. R. F. Bartlett states that "the Douglas analysis is all right as far as it goes but the trouble is that it does not go nearly far enough and does not stand up to a really penetrating analysis". He does not explain why. That makes debate difficult. (Even Keynes had to admit in the end that the Douglas analysis was right, though he did disapprove of the Douglas aims, no doubt on grounds of moral philosophy rather than of technique.)

Mr. Bartlett's statements do not make sense. Douglas pointed out and supported with irrefutable mathematics (through his A plus B theorem) that, under the present method of credit creation and cancellation by the banking monopoly, industry is bound to create prices at a faster rate than it disburses incomes and that, as mechanisation increases, wages, salaries and dividends become less and less able as a whole to equal prices as a whole. Well, either that is true or it is not; it cannot be "all right so far as it goes". And the analysis goes as far as it can to a conclusion which demands immediate action if our civilization is to survive. The matter is as important and as serious as that.

Why the Cohen Report and its statistics should clearly show that the contention contained in the second paragraph of my previous letter will not hold water, I cannot see. What statistics and which part of the Report? And how does Mr. Bartlett know that the Report and its statistics were all quite true and disinterested? There is every reason to suppose that they were as biased, distorted, venal and finally as irresponsible, unrealistic and futile as the conclusions reached by the Radcliffe Committee.

The only ways in which the present financial system is surviving at all is through (a) ever-growing creation of false debts, including hire-purchase and building society loans, so that most of us are forced to pay twice

"are not like bees, who can sting but once, rather they are like wasps, who do not need to keep their unique power for a grave emergency".

The third edition of Hire Purchase in a Free Society is a completely revised and enlarged version written against a rapidly changing background. The authors suggest that "recent experience of defaults may be due partly to the effect of government variations of deposit and repayment periods in causing confusion about their commercial functions", but they agree that "some leading finance houses must share the responsibility for unduly relaxing credit standards". They believe that "If inflation is kept at bay by monetary controls, and illusions about holding it in check by controlling hire purchase are finally abandoned, the present-day hire purchase debt of about £1,000 million could grow to £2,500 million within ten years".

An entirely new section dealing with 'Instalment Credit Overseas' has been added in this edition.

PRICE THEORY

Intermediate Price Theory, by D. Bodenhorn. McGraw Hill; 52s. 6d.

Professor Bodenhorn's book is concerned only with price theory. He discusses the way economic activity is organised in a free enterprise society and more specifically, the way in which production and distribution decisions are made. The idea of a market is briefly described and the author then goes on to analyze supply, demand and equilibrium. In the final chapters he discusses the application of economic analysis to social problems. The book is intended mainly for students at the undergraduate level.

DEVELOPING COMMONWEALTH

The British Commonwealth Year Book 1961. Edited by Ronald S. Russell, M.P. Newman Neame; 63s.

In his foreword to the 9th edition of this useful reference book Mr. Iain Macleod points out that "in 1960 alone the number of people in the world for whose well-being Britain, through the Colonial Office, was ultimately responsible was reduced by nearly half". Once again, Mr. Ronald Russell has provided up-to-date information about the developing Commonwealth which is clearly and concisely set out. It provides an essential source of information for all who are interested in Commonwealth affairs.

Commonwealth Trade, 1959-1960. H.M.S.O.; 4s. 6d.

Commonwealth trade was expanding strongly in 1959 and the early part of 1960, and the growth in trade with the principal areas is described by the Commonwealth Economic Committee in *Commonwealth Trade 1959-1960*. The share of the Commonwealth in world trade which had been falling for several years has changed little since 1957, with ex-

Digest Reviews

MONEY

Money, Prices and Policy, by Walter W. Haines. McGraw Hill; 62s.

Money: The Decisive Factor, by D. Allhusen and E. Holloway. Christopher Johnson; 12s. 6d. (Second edition).

Professor Haines has written a first-class exposition of monetary policy, covering money and its historical development, banking and other financial institutions, monetary theory and practice as well as international monetary relations. Written in understandable language, this study will provide an admirable text-book for use in schools. Each chapter contains questions for thought and discussion intended to stimulate and provoke discussion on current controversial problems.

The second edition of 'Money: The Decisive Factor has been revised in the light of the Radcliffe Report and this also provides a useful text-book for schools. There are many areas of agreement between the authors of this book and the views of Professor Haines. For example, on internal monetary policy they agree that the monetary authority must recognise that, in Professor Haines' words, "money is a veil behind which lie real production and consumption".

In the sphere of international trade both books stress that the pursuit of a so-called 'favourable' balance of trade is not a reasonable aim for a civilized country. It is only the money illusion which prevents people from realising the real advantages to be gained from imports. Both books could be read with advantage by anyone who wants to understand the realities which lie behind the modern concept of money.

H.P.

The Control of Hire-Purchase, by F. R. Oliver. Allen and Unwin; 25s.

Hire Purchase in a Free Society, by Ralph Harris, Margot Naylor and Arthur Seldon. Published for the Institute of Economic Affairs by Hutchinson; 30s.

Hire purchase is playing an increasingly important role in Britain's economy and these two books provide much useful information on the subject.

Dr. Oliver's book is concerned with hire-purchase controls and he comments: "Uuless hire-purchase control is to be abandoned for ever, it is desirable to have permanent authority empowering the government to impose, modify, and withdraw instalment controls". He opens with an account of the way in which instalment credit institutions work in Britain and goes on to consider the economic effects of buying and selling on H.P. terms. He considers that experience confirms the value of properly conceived governmental intervention and in the final chapter he criticises some of the findings of the Radcliffe Committee on this subject. "The monetary authorities" he says

ports forming 27 per cent and imports 29 per cent of the world totals.

In recent years much of the expansion in exports from Commonwealth countries has been in sales to countries outside the Commonwealth, especially to the United States, Western and Eastern Europe, China and Japan.

The United States has taken one-fifth of the Commonwealth's products in recent years, with a tendency for this proportion to increase. The Memorandum describes how most Commonwealth countries fully shared in the rapid and widespread expansion in United States imports during 1959.

BLOSSOMING DESERTS

Ou va l'Economie Algerienne? Economie Integrée ou Economie Associée? by El-Djezairi. Foreword by Jacques Soustelle. Problemes de l'Algerie et du Sahara No. 4; 1 NF.

An Algerian Moslem argues forcefully the economic case for fusion with France. Independence, he holds, will disrupt promising development, for association would prove no more real than with other African republics, formerly French. El-Djezairi mentions the arresting fact that France proportionately contributed to the French Union countries three times the amount bestowed by the U.S.A. on under-developed countries.

The Revival of Israel, by L. Ellis Tavener. Hodder and Stoughton; 12s. 6d.

The author, who is Senior Lecturer in Geography at the University of Southampton, says that Israel's independence in May, 1948, may prove to be the century's most critical date. Its consequences are incalculable and all serious students of affairs should try to understand the nature and the motives of the Jewish State. This short account illustrated with maps and photographs, provides an admirable introduction to a fascinating subject.

MASTER (?) SPY

A Study of a Master Spy (Allen Dulles), by Ness Edwards, M.P., and Kenneth Dunne. Housman Publishers and Booksellers and Chemical Workers' Union (155 Caledonian Road, Kings Cross, London, N.1); 3s.

The purpose of this dramatic pamphlet which appeared before the attempt against Castro is to expose what appears to the authors the dangerous incompetence of Mr. Allen Dulles, the late John Foster's brother, and the Central Intelligence Agency he has headed under—if that is the word—successive American Presidents.

Readers should not be led to suppose that the C.I.A. is the only secret service, or the United States the only power, to have clandestine contacts with enemy spokesmen in time of war; nor will all agree that the United States or any of its allies

was necessarily wrong in either world war to seek to preserve after victory conservative forces in a disintegrating continent. Is Europe, after all, the richer for the break-up of the Austro-Hungarian system—at least as an economic combination and free commonwealth of peoples? But the documents quoted, whose accuracy we are not qualified to judge, make nasty reading, and there is a formidable list of C.I.A. errors. No doubt a similar dossier could be made out against the intelligence departments of other countries, including Communist countries, if the facts were known.

The writing is vigorous but shows some signs of haste. The authors might well have expanded on their theme; indeed there is matter here for a full length volume. Thus it is stated as fact that Heidrich (*sic*) was removed by Himmler as a rival within the S.S. under cover of a sham "partisan raid". One had been led to believe that this handsome butcher was assassinated by outraged Czechs, and this new and interesting version —new at least to your reviewer— deserved discussion.

SHORTER SCRUTINY

Growthmanship, by Colin Clark. Hobart Paper No. 10. Published for the Institute of Economic Affairs by Barrie and Rockliff; 5s.

The author's recommendations will disturb many widely-held views. From his argument that economic growth depends on many other factors apart from investment, he concludes we must have:

Free trade to stimulate competition for British industry;

a more vigorous attack on restrictive business practices;

a new effort to stop trade union restrictive practices;

less ploughing back of profits by complacent boards of directors;

a substantial reduction in taxation which will sharpen incentives, reduce public and private extravagance, and stop the drift towards inflation.

La Tragédie de Romeo et Juliette, by William Shakespeare. Edition Critique avec Introduction, Traduction et Notes. By Maurice Polet. Aubier, Editions Montaigne, 13 quai Conti, Paris, VIe.

This attractive production by M. Maurice Pollet, who teaches at the University of Dakar, is from a bilingual collection of non-French classics. The translation is on the opposite page.

We recommend it to students both of Shakespeare and of French.

Income Tax, by J. Leigh Mellor. Pitman; 30s.

This book, written by a Barrister-at-Law, provides an authoritative survey of the whole field of Income Tax law. It will be of particular value to students of accountancy, banking and the law.

Fair Trade—Resale Price Maintenance Re-examined, by P. W. S. Andrews and Frank Friday. Macmillan; 6s.

The authors claim that the abolition of resale price maintenance results in confusion in marketing nationally produced, advertised and distributed goods, leading to pockets of unemployment, and the disappearance of many small retailers. To ban resale-price maintenance would, in their view, actually reduce competition.

Our Commonwealth in the Old World, by R. W. Morris. Allen and Unwin; 8s. 6d.

This further publication in the "Understand the Modern World" series traces the development of the Commonwealth in the eastern hemisphere from its earliest beginnings to the present day. It provides an excellent introduction to the subject for schools.

A History of Economic Thought, by Eric Roll. Faber; 12s. 6d. (paper cover).

A new edition of a book which covers economic history from the Old Testament to political economy in the modern world.

Resources for the Third Five Year Plan. Rs. 7.00.

Inflation in a Developing Economy. Rs. 6.00.

Both published by The Indian Merchants' Chamber Economic Research and Training Foundation. Bombay.

The first of these studies is an appraisal of the resources position for India's third five-year plan. The second attempts to analyse the nature of inflationary tendencies in the Indian economy and poses the question whether inflation is an inevitable by-product of economic growth in less developed areas. The conclusion is reached that "it should not be impossible to devise a system by which the due proportion of increased production is currently, almost automatically made available to the labour class".

Parliament, by George Campbell. The English Universities Press Ltd.; 7s. 6d.

Teach Yourself Books have produced another winner. Mr. Campbell has written a book packed with interesting and accurate information which will make it useful to students of our Constitution and to Members of Parliament and others.

COMPETITION

Not Enough Competition? by John Heath. Published for the Institute of Economic Aflairs by Barrie and Rockliff; 3s. 6d.

This Hobart Paper No. 11 poses the questions: Is the competitive vigour of the economy being sapped? —Are large firms necessary for efficiency?—Is security necessary for enterprise, research, investment?

Legislation since the war has been

designed to restrain monopolistic power and frustrate business restrictive practices. Is it working effectively?—Does it need strengthening?—Is there enough competition in industry?

The author analyses the working of the Restrictive Practices Court set up under the 1956 Restrictive Trade Practices Act and the economic effects of its judgments. He concludes that the majority of agreements on price and "are more likely to raise the level of prices than to depress them below the level at which they would otherwise stand".

One of Mr. Heath's most controversial conclusions is that mergers should be controlled: if mergers which threatened the competitive life of an industry were prohibited, he argues, the establishment of monopolies would be made much more difficult.

BOOKS RECEIVED

Agricultural Marketing in India and Abroad, by R. S. Srivastava. Vora; Rs. 12.50.

Agricultural Economic Theory and the Indian Economy, by J. R. Bellerby and N. A. Mujumdar. Vora; 17s. 6d.

Technique of Planning, by S. S. Wagle. Vora; Rs. 12.

Germany and the West

by WILLY BRANDT, Governing Mayor of Berlin

THE idea of a self-determination must forbid acceptance of a situation in the middle of Europe which derides any form of freedom and "consent of the governed". The Soviet Union has claimed incessantly since 1917 that its policy is based on the concept of national sovereignty and national self-determination. We cannot fail to declare that they publicise anti-imperialist and anti-colonialist slogans in Asia, Africa and Latin America while they pursue imperialist and colonialist aims in Europe. We are not making territorial claims when we say Germans want to realise the right of self-determination for themselves. My fifth point: any belief that a lasting peace can be achieved without reunification will prove to be an illusion.

From News From Germany

The Economic Regulators—*continued from page* 149

in the year cannot necessarily be foreseen. Moreover, it will enable us to reduce our reliance upon monetary measures—on hire-purchase controls and the like—which we know from experience can be rather harsh and unfair in their operation, because they hit at a restricted band of industry.

Colonial Development Corporation

PROJECTS BY REGIONS AND TERRITORIES AS AT 30th JUNE, 1960

CARIBBEAN REGION

TERRITORIES	*PROJECTS*
BARBADOS	Barbados Light and Power Co. Ltd.
BRITISH GUIANA	British Guiana Rice Development Co. Ltd.
	British Guiana Timbers Ltd.
BRITISH HONDURAS	British Honduras Fruit Co. Ltd. (citrus and cocoa)
	Fort George Hotel
DOMINICA	Dominica Electricity Services
	Melville Hall Estate
GRENADA	Grenada Electricity Services
JAMAICA	Caribbean Housing Finance Corporation Ltd.
	Cayman Islands Corporation (airport)
	Jamaica Citrus Growers Ltd.
	Jamaica Cooling Store
	Jamaica Housing Development Co. Ltd.
	Jamaica Pottery Ltd.
	Jamaica Public Service Co. Ltd.
ST. VINCENT	St. Vincent Electricity Services
TRINIDAD	Federation Chemicals Ltd.
	Trinidad Cement Ltd.

Total Capital Approved for Region £14,520,000

FAR EAST REGION

BORNEO	Borneo Abaca Ltd.
TERRITORIES	Borneo Development Corporation
	Borneo Housing Development Ltd.
	Mostyn Estates Ltd.
FEDERATION OF	Central Electricity Board, Malaya
MALAYA	Federal Land Development Authority
	Johore Palm Processing Ltd.
	Kulai Oil Palm Estate Ltd.
	Malaya Borneo Building Society Ltd. (also operates in Singapore)
	Malayan Cocoa Ltd.
	Malayan Industrial Development Finance Co. Ltd.
	United Cocoa Development Co. Ltd.
FIJI	Cathay Hotels (Fiji) Ltd.
	Fiji Development Co. Ltd.
SINGAPORE	Singapore Factory Development Ltd.

Total Capital Approved for Region £19,541,000

EAST AFRICA REGION

KENYA	Block Hotels Ltd.
	East Africa Industries Ltd.
	Kenya Housing Authority
	Kenya Meat Commission
	Kenya Power Co. Ltd.

EAST AFRICA REGION—*continued*

TERRITORIES	*PROJECTS*
	Macalder-Nyanza Mines Ltd.
	Nyambeni Tea Co. Ltd.
	Oceanic Hotel Ltd.
	Unga Ltd.
TANGANYIKA	Bird & Co. (Africa) Ltd.
	Kilombero Sugar Co. Ltd.
	*Liganga Iron Ltd.
	Maramba Estate Ltd.
	*Mbeya Exploration Co. Ltd.
	*Rungwe Coal Co. Ltd.
	*Tanganyika Coalfields Ltd.
	Tanganyika Wattle Co. Ltd.
	Tangold Mining Co. Ltd.
UGANDA	Kilembe Mines Ltd.

Total Capital Approved for Region £17,264,000

CENTRAL AFRICA REGION

FEDERATION OF RHODESIA AND NYASALAND	Central African Airways Corporation
	Federal Power Board (Kariba)
	Industrial Promotion Corporation of Rhodesia and Nyasaland Ltd.
NORTHERN RHODESIA	Chilanga Cement Ltd.
NYASALAND	Kasungu Tobacco Estates
	Nyasaland African Housing
	Vipya Tung Estates
	*Blantyre/Limbe Water Supply
SOUTHERN RHODESIA	Southern Rhodesia African Housing

Total Capital Approved for Region £22,054,000

HIGH COMMISSION TERRITORIES REGION

	High Commission Printing and Publishing Co. Ltd.
BASUTOLAND	*Ox Bow Lake Power and Water
BECHUANALAND	Bechuanaland Cattle Ranch
	Bushman Pits Ranch
	Lobatsi Abattoir
	Molopo Ranch
	Molopo Settlement Scheme
SWAZILAND	Mhlume (Swaziland) Sugar Co. Ltd.
	Swaziland Irrigation Scheme
	Usutu Pulp Co. Ltd.
TRISTAN DA CUNHA	Tristan da Cunha Development Co. Ltd.

Total Capital Approved for Region £16,515,000

WEST AFRICA REGION

GAMBIA	Gambia Development Co.
GHANA	Coast Construction Co. Ltd.
FEDERATION OF NIGERIA	Cameroons Development Corporation
	Coast Construction (Nigeria) Ltd.
	Dorman Long and Amalgamated Engineering Ltd.
	Ikeja Industrial Development

**Investigations. In addition to the* 89 *continuing projects listed above, there were* 61 *schemes under investigation as at* 30*th June,* 1960.

WEST AFRICA REGION—*continued*

TERRITORIES	*PROJECTS*
	Ilushin Estates Ltd.
	Industrial and Agricultural Co. Ltd.
	Investment Company of Nigeria Ltd.
	Lagos Executive Development Board
	Nigeria Hotels Ltd.
	Nigeria Housing Development Society Ltd.
	Nigerian Cement Co. Ltd.
	Northern Development (Nigeria) Ltd.
	Northern Housing Estates Ltd.
	Omo Sawmills of Nigeria Ltd.
SIERRA LEONE	Freetown Hotel Ltd.

Total Capital Approved for Region £9,698,000

FUNCTIONAL GROUPING OF PROJECTS AND AMOUNT OF CAPITAL APPROVED AND SPENT

Total capital approved £99,592,000 : Spent £61,833,000 : As at 30th June, 1960

	APPROVED		*SPENT*	
UTILITIES (*Power and Housing*) ...	£45,733,000	(46%)	£26,027,000	(42%)
PRIMARY PRODUCTION AND PROCESSING				
(*Agriculture, Forestry, Processing and Minerals*)	£42,432,000	(43%)	£28,637,000	(46%)
COMMERCE AND INDUSTRY				
(*Factories, Hotels, General Development*)	£11,427,000	(11%)	£7,169,000	(12%)

FOR REFERENCE

Items in this Section will be kept for one year. Any of our readers and any member of the Economic Research Council who wishes to refer to any of them is invited to apply, citing the appropriate number or numbers (given in brackets after each item).

Rumania

Statistical Year Book of the R.P.R. Central Statistical Office of the Rumanian People's Republic. Bucharest. (73)

Planning

Town and Country Planning Association 1899-1960. The Planning Centre.

The Sixty-second Annual Report of the Association. (74)

Commonwealth Trade

Commonwealth Trade 1959-1960. Published for the Commonwealth Economic Committee by H.M.S.O. (4s. 6d).

A memorandum prepared by the Intelligence Branch of the Commonwealth Economic Committee. (75)

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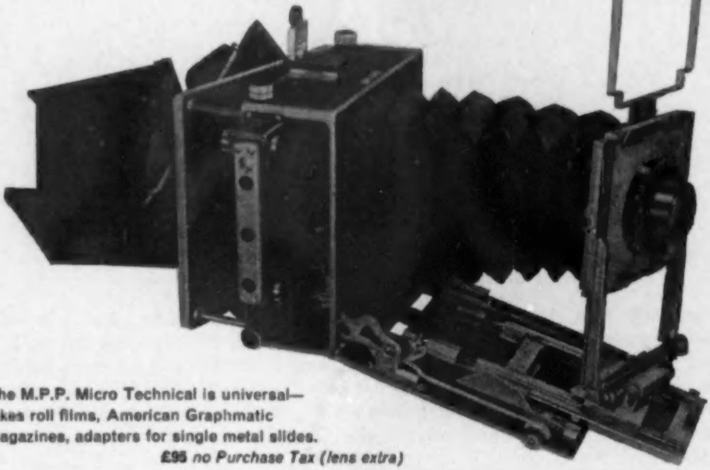

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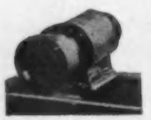

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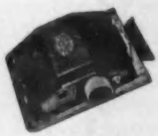

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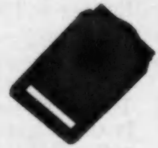

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Published in Great Britain by Economic Digest (Publications) 10 Upper Berkeley Street, London, W.1, in association with the Economic Research Council and printed by Commercial Art Co., Ltd., Jersey, C.I.